

No.6/3/DPM

Jakarta, February 16, 2004

**CIRCULAR LETTER**

To  
ALL COMMERCIAL BANKS  
AND  
SECURITIES DEPOSITORIES  
IN INDONESIA

Subject : Requirements and Procedure for Appointment of Sub-Registries  
for Securities Administration

As stipulated in Bank Indonesia Regulation Number 6/2/PBI/2004 dated February 16, 2004, concerning the Bank Indonesia – Scripless Securities Settlement System (BI-SSSS) (State Gazette of the Republic of Indonesia Number 15 of 2004, Supplement to the State Gazette Number 4363), Bank Indonesia conducts the administration of Securities consisting of Bank Indonesia Certificates (SBIs) and Government Bonds (GBs). Administration of these Securities is the ownership registration of Securities managed in a two-tier system comprising the Central Registry operated by Bank Indonesia and Sub-Registries appointed by Bank Indonesia. The Central Registry performs the registration and ownership transfer of Securities for the account of Banks, Sub-Registries, and other parties approved by Bank Indonesia to hold Securities accounts at the Central Registry, while Sub-Registries perform the registration and ownership transfer of Securities for the account of customers.

Pursuant to the abovementioned Bank Indonesia Regulation, Bank Indonesia is vested with the power to appoint other parties, in this matter Sub-Registries, to support the activities of the Central Registry in ownership

registration ...

registration of Securities. In this regard, it is necessary to stipulate the requirements and procedure for a Bank or securities depository to be appointed as Sub-Registry.

#### I. Requirements for Sub-Registries

1. The following are the requirements for Banks and depository institutions to become Sub-Registries:
  - a. domiciled in the legal jurisdiction of Indonesia; and
  - b. not undergoing bankruptcy proceedings in court.
2. Hold a valid operating license as securities depository issued by the Capital Market Supervisory Agency, hereinafter referred to as Bapepam.
3. Possess at least 3 (three) years experience in securities registration, and/or at least 3 (three) years in securities depository operations since obtaining an operating license as securities depository from Bapepam.
4. Has an international registration network and/or international securities depository network.
5. Has a domestic on-line securities registration network.
6. Has a secure, reliable, and trusted book-entry registry system for securities registration capable at least of administration of outright, repo, and pledging transactions.
7. Management not listed, whether directly or indirectly, on the List of Disgraced Persons and/or on the Bad Debt List.
8. Has a separate unit specifically in charge of depository activities run by management and staff with professional skills in securities registration and/or securities depository operations.
9. A Bank operating a Sub-Registry must comply with the Capital Adequacy Ratio, hereinafter referred to as the CAR, as stipulated in the applicable Bank Indonesia regulations.

10. A depository institution operating a Sub-Registry must have paid up capital of at least Rp 25,000,000,000.00 (twenty five billion Rupiahs).
11. Average par value of securities registered and/or held in depository has reached at least Rp 1,000,000,000,000.00 (one trillion rupiahs) during the last six months.
12. In the event that a Bank and securities depository has met the requirements and is approved by Bank Indonesia to operate as Sub-Registry, it is required to become a Member of the Bank Indonesia – Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, under the applicable BI-SSSS regulations.

## II. Application Procedure

1. A bank or depository institution complying with the requirements referred to in number I may submit an application in accordance with the sample in Appendix 1 to:

Bank Indonesia - Directorate of Monetary Management  
 c.q. Money Market Transaction Settlement Division  
 Building B 11th floor  
 Jl. MH. Thamrin No. 2  
 Jakarta 10010

2. An application as referred to in number 1 shall enclose the following documents:
  - a. photocopy of license to conduct business as securities depository, issued by Bapepam;
  - b. photocopy of articles of association and amendments thereto;
  - c. statement concerning on-line network facilities for Securities registration and/or depository within Indonesia and/or abroad;

d. photocopy ...

- d. photocopy of findings of examination conducted by an independent auditor of the security of the scripless registration system for the Securities;
  - e. professional history or expertise of the members of the Board of Directors and expert staff in Securities registration and/or depository operations;
  - f. statement on the latest CAR for the Bank, or paid up capital for a securities depository;
  - g. data on the number and nominal transaction value for Securities registration and/or depository during the last 6 (six) months; and
  - h. latest annual financial statement, audited by a public accountant.
3. Bank Indonesia shall conduct the selection of applications as referred to in number 1 and inform each applicant of rejection or approval no later than 2 (two) weeks after receipt of the complete application by Bank Indonesia.

### III. Tasks of Sub-Registries

In the course of Securities administration, a Bank and securities depository appointed as Sub-Registry is required to perform the following:

- 1. Record the ownership and transfer of Securities for the account of customers separately from the assets of the Sub-Registry.
- 2. Deliver Confirmation of Securities Registration (KPS) to the customer, among others presenting the ending balance of the Securities Account stating the position for each series of Securities and changes in ownership of Securities.
- 3. Conduct Securities registration at date of issue in the name of the customer according to the outcome of sale of Securities conveyed by Bank Indonesia.

4. Execute redemption and interest (coupon) payment for Securities at maturity to customers holding Securities in accordance with the records in the book entry system of the Sub-Registry.
5. Ensure the integrity of ownership registration of Securities for the account of all customers in accordance with the global balance of Securities in the Central Registry.
6. Resolve any problems from differences in records kept by the Sub-Registry and customers in regard to Securities registration by rechecking the accuracy of records maintained for the account of the customer and checking the global balance of Securities recorded in the Central Registry.

#### IV. Reporting Requirements

1. A Bank or securities depository appointed as Sub-Registry is required to prepare reports including but are not limited to the following:
  - a. Daily Report on Position of Securities Ownership in the names of individual customers according to the example in Appendix 2.
  - b. Daily Report on Settlement of Securities Transactions, presenting changes in Securities registration among the same individual customers of the Sub-Registry according to the example in Appendix 3.
2. The reports referred to in number 1 shall be submitted to the Central Registry no later than 1 (one) working day after the date of change in registration of individual ownership. The reports shall be submitted to the SSSS Central Computer through the BI-SSSS Terminal (ST) of the Sub-Registry, using the Upload Report Data function on the Supervisory menu.

#### V. Supervision

1. Bank Indonesia is vested with authority to conduct the supervision of Sub-Registries in respect of activities pertaining to administration of Securities.

2. Supervision as referred to in number 1 may be conducted on-site by visiting the premises of the Sub-Registry and off-site using incoming reports and/or other reports requested by Bank Indonesia.

## VI. Revocation of Appointment as Sub-Registry

1. Appointment of a Bank or securities depository as Sub-Registry may be revoked by Bank Indonesia under the following conditions:
  - a. the Sub-Registry no longer meets the requirements referred to in number I.
  - b. the Sub-Registry has committed an offence against the applicable capital market regulations and/or Bank Indonesia regulations.
2. In the case of revocation of appointment as Sub-Registry, Bank Indonesia shall convey written notice of revocation of status as Sub-Registry to the party concerned.
3. The Sub-Registry shall be required to settle all registration for transfer of Securities held by individual customers to another Sub-Registry designated by the customer no later than 5 (five) working days after the date of revocation of appointment as Sub-Registry.

Any Sub-Registry appointed by Bank Indonesia prior to the enactment of this Circular Letter is deemed to be appointed as Sub-Registry insofar as it complies with the terms and conditions stipulated in this Circular Letter.

## VII. TRANSITIONAL PROVISIONS

For the 6 (six) months following the enactment of this Circular Letter, the Reporting requirements for Sub-Registries are stipulated as follows:

1. Sub-Registries are not required to submit Reports as referred to in Item IV number 1. 1. Sub-Registries ...

2. Sub-Registries are required to prepare a Daily Report on Position of Ownership in the names of individual customers as referred to in item IV number 1 letter a on a monthly basis, to be submitted no later than 5 (five) working days after the end of the reporting month.

#### VIII. CONCLUDING PROVISIONS

With the enactment of this Circular Letter, Circular Letter of Bank Indonesia number 4/19/DPM dated November 18, 2002, concerning Requirements and Procedure for Appointment of Sub-Registries for Administration of Bank Indonesia Certificates and Circular Letter of Bank Indonesia number 5/7/DPM dated March 21, 2003, concerning Requirements and Procedure for Appointment of Sub-Registries for Administration of Government Securities are declared no longer valid.

The provisions of this Circular Letter shall come into force on February 16, 2004.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

BUDI MULYA  
DIRECTOR OF MONETARY  
MANAGEMENT

**Appendix 1**

To:

Bank Indonesia – Directorate of Monetary Management  
c.q. Money Market Transaction Settlement Division  
Building B 11th floor  
Jl. MH. Thamrin No. 2  
Jakarta 10010

Subject : Application for Approval as Securities Sub-Registry

We hereby submit our application for consideration to operate as a Sub-Registry for administration of Securities. In accordance with the requirements in Circular Letter of Bank Indonesia No. 6/3/DPM dated February 16, 2004, we herewith enclose supporting documents as follows:

- a. photocopy of license to conduct business as securities depository, issued by Bapepam;
- b. photocopy of articles of association and amendments thereto;
- c. statement concerning on-line network facilities for securities registration and/or depository within Indonesia and/or abroad;
- d. photocopy of findings of examination conducted by an independent auditor of the security of the scripless registration system for the Securities;
- e. professional history or expertise of the members of the Board of Directors and experts in Securities registration and/or depository operations;
- f. statement on the latest CAR or paid up capital;
- g. data on the number and nominal transaction value for securities registration and/or depository during the last 6 (six) months; and
- h. latest annual financial statement, audited by a public accountant.

We affirm that this application and the enclosed documents described above are true and correct. If any information contained therein is subsequently found to be false, we are prepared to assume the risks and consequences of any actions by Bank Indonesia.

Thank you for your attention.

Jakarta,.....

Name of Company  
Authorized signature



**Appendix 2**

**DAILY REPORT  
POSITION OF SECURITIES OWNERSHIP**

**Name of Sub-Registry :**

**Date of Reporting Position :**

**Securities : Bank Indonesia Certificates/Government  
Securities**

No.	Name of Investor	Series of Securities	Par Value (Rp bn)	Investor Status *)		Investor Category **)	Remarks
				CR	CN		
<b>TOTAL</b>							

**Appendix 2, cont'd**

**Notes:**

- \*) CR = Client Resident
- CN = Client Non Resident
- \*\*) IS = Insurance
- MF = Mutual Fund
- PF = Pension Fund
- FI = Financial Institution
- CP = Corporate
- SC = Securities Company
- FD = Foundation
- ID = Individual
- OT = Others

Jakarta,.....

Name of Sub-Registry and  
authorized signature

**Appendix 3**

**DAILY REPORT**  
**SETTLEMENT OF SECURITIES TRANSACTIONS**

Name of Sub-Registry :

Report Date :

Category of Securities : Bank Indonesia Certificates/Government Securities

No.	Series of Securities	Category of Transaction *)	Settlement of Buying/Selling Transactions among Customers									
			Name of Customer		Par value (Rp millions)	Transaction/ Proceed Value (Rp millions)	Price (**)	Investor Status (***)		Category of Investor (****)		Remarks
			Buyer	Seller				CR	CN	Buyer	Seller	
<b>TOTAL</b>												

Appendix to Circular Letter of Bank Indonesia No. 6/3/DPM dated February 16, 2004

Notes :

- \*) Outright, Repo, Pledge, Endowment, Inheritance, Settlement of debt or obligation
- \*\*) Clean price (not including accrued interest)
- \*\*\*) CR = Client Resident  
CNR = Client Non Resident
- \*\*\*\*) IS = Insurance  
MF = Mutual Fund  
PF = Pension Fund  
FI = Financial Institution  
CP = Corporate  
SC = Securities Company  
FD = Foundation  
ID = Individual  
OT = Others

**Appendix 3, cont'd**

Jakarta,.....

Name of Sub-Registry

Authorized signature